

## **TRIANGLE MARKET REPORT**

### **Orange, Chatham and Durham Counties**

### **December 2008**

I'm writing this report the day following a broadcast on 60 minutes about the second wave of foreclosures about to hit. There is no doubt that some segments of the national housing market are in crisis, and that has trickled down to the Triangle. Without the wave of buyers from out of town, there are no buyers for thousands of new homes that are proposed or under construction.

Still, legislation in North Carolina from back in 1999 to restrict subprime loans has helped to keep foreclosures here lower than in other parts of the country, and the fact that our economy is generally stronger and more diversified than the communities which have been hit the hardest has helped. However, there is no arguing with the statistics from the Multiple Listing System that show trouble in the housing market:

- In November of 2006, with the market beginning to cool, across the Triangle there was a six-month supply of homes on the market. In November of 2008, that figure had climbed to a 15-month supply.
- The number of sales in the Triangle dropped from 2527 in November of 2006 to 1186 in November of 2008, a 53% decrease. Meanwhile, the number of active listings increased 19%, from 18,632 in November of 2006 to 22,172 in 2008. More listings and fewer sales translate to a much softer housing market.

But things look much better on the Western side of the Triangle. To get more specific about my market coverage area:

- In Chapel Hill/Carrboro (including the surrounding rural areas with Chapel Hill zip codes), there are currently 223 detached homes for sale under \$500,000 and 282 over \$500,000. 490 homes under \$500,000 have sold in the past 12 months, so there is a 5.4 month supply of homes in that price range making this one of the strongest in the Triangle. 298 homes over \$500,000 have sold, which translates to nearly a 12 month supply of homes in that range. This market has been made more competitive by the increase in new homes in the higher price points.
- In Durham City and County, 2835 homes under \$500,000 have sold over the past 12 months with 1376 on the market – a 5.8 month supply. The market for higher end homes in Durham is softer.
- In Chatham County, including the Chapel Hill zip codes as well as Siler City and Apex, a very broad market area, there are 223 homes for sale under \$500,000 and 212 active listings over \$500,000. 295 homes under \$500,000 have sold over the past 12 months giving us a 9-month supply. 128 homes over \$500,000 sold during this period, so there is a 20-month supply of homes at this price point.

- In Orange County outside of Chapel Hill/Carrboro, including Hillsborough, Mebane and Efland, 181 homes under \$500,000 are currently for sale, and 270 homes in that price range sold over the past 12 months which is an 8-month supply of homes. In the over \$500,000 range, 36 are currently for sale and 17 sold over the past 12 months, which is nearly a two-year supply.

Generally speaking, the more rural areas and the higher price ranges have been hit the hardest by this market downturn.

On the bright side, low interest rates (under 5% as I write this!) will help to encourage first-time home buyers to enter the market which will help to drive sales in all price ranges. There is plenty of mortgage money available to buyers who have good credit and down payments as low as 3%, and many lenders are again offering FHA loans to help with low down payment financing.

This is the first true buyer's market that I've seen in what is now 26 years in real estate!! Still, I'm encouraging my buyer clients to be exceptionally careful now about the location and desirability of the homes that they are purchasing because it could be several years before the market really springs back to normal.

For my seller clients who live in areas that are more difficult to sell, we are having to ramp up the marketing and incentives in order to attract buyers. December is typically the slowest month of the year in any market, and I am hopeful that with the low interest rates and tremendous buyer opportunities out there that we will see a turnaround of buyer confidence that will drive the rest of the market into more positive territory.

Meanwhile, if you are thinking of selling your home or know anyone who is, it is never too early to have me evaluate the market situation and make suggestions about updates or changes you may want to make in anticipation of selling your home in the future. This will help you to be strongly positioned when you are ready.

And for buyers, this is a time when knowledge is power. I am working diligently to stay on top of local market conditions to help my clients obtain the best price and safest investment possible.

Thanks for your support in the past, and I look forward to serving you in the coming years!